

FINANCIAL POLICY MEMORANDUM 60-2

SUBJECT: Property

1. The Comptroller Policy Planning Group met on 25 January 1960 and agreed to the following policy concerning property:

a. All property which is issued by the Agency to firms having research and development or other contracts will be costed to the project or activity involved; cost authority will be required. The present practice of treating such property as on loan will be discontinued and the records adjusted as soon as possible.

b. As a general rule all property belonging to the Agency, whether under Agency control or not (in the possession of contractors, for example) shall be accounted for in the financial records. Technical Accounting Staff will explore and develop a practicable procedure by 15 April 1960.

c. Ultimately the costing of agency property will fall into three general use categories. TAS is assigned the responsibility for developing the details to implement the following policy as soon as practicable:

(1) The using project or organizational unit; most property costing will be in this category reflecting use by the receiving project, organization or activity. Cost credit will be reflected for property turned in. The so-called "100%" costing rule will be used for both issue and credit transactions.

(2) A service center; sometimes property is available for use especially on a short time basis, by many projects, organizations or activities. Rather than use continual costing and crediting for such property, it will be fully costed at the time of issue to a service center and not to the user.

(3) Special use; in some instances there are what could be called unusual property procurements for a particular project, organization or activity. In such cases, the property shall be fully costed to the project, organization or activity. If after initial issue and costing it is determined the property can be utilized by a second or third user, the residual value of the transferred property will

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be determined and charged as a cost to the second user. Thus a "depreciation" charge or cost will remain with the initial user with a credit of only the residual value that is transferred as a cost to the second user.

d. The Agency cost reports will reflect total costs including write-offs, inventory adjustments, price adjustments, etc.

e. Real property is to be reflected in the financial records under FPA. Technical Accounting Staff in collaboration with the Office of Logistics will develop a procedure for use beginning with fiscal year 1961. The is being requested to experiment with the real property procedure.

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Deputy Comptroller
Chairman

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